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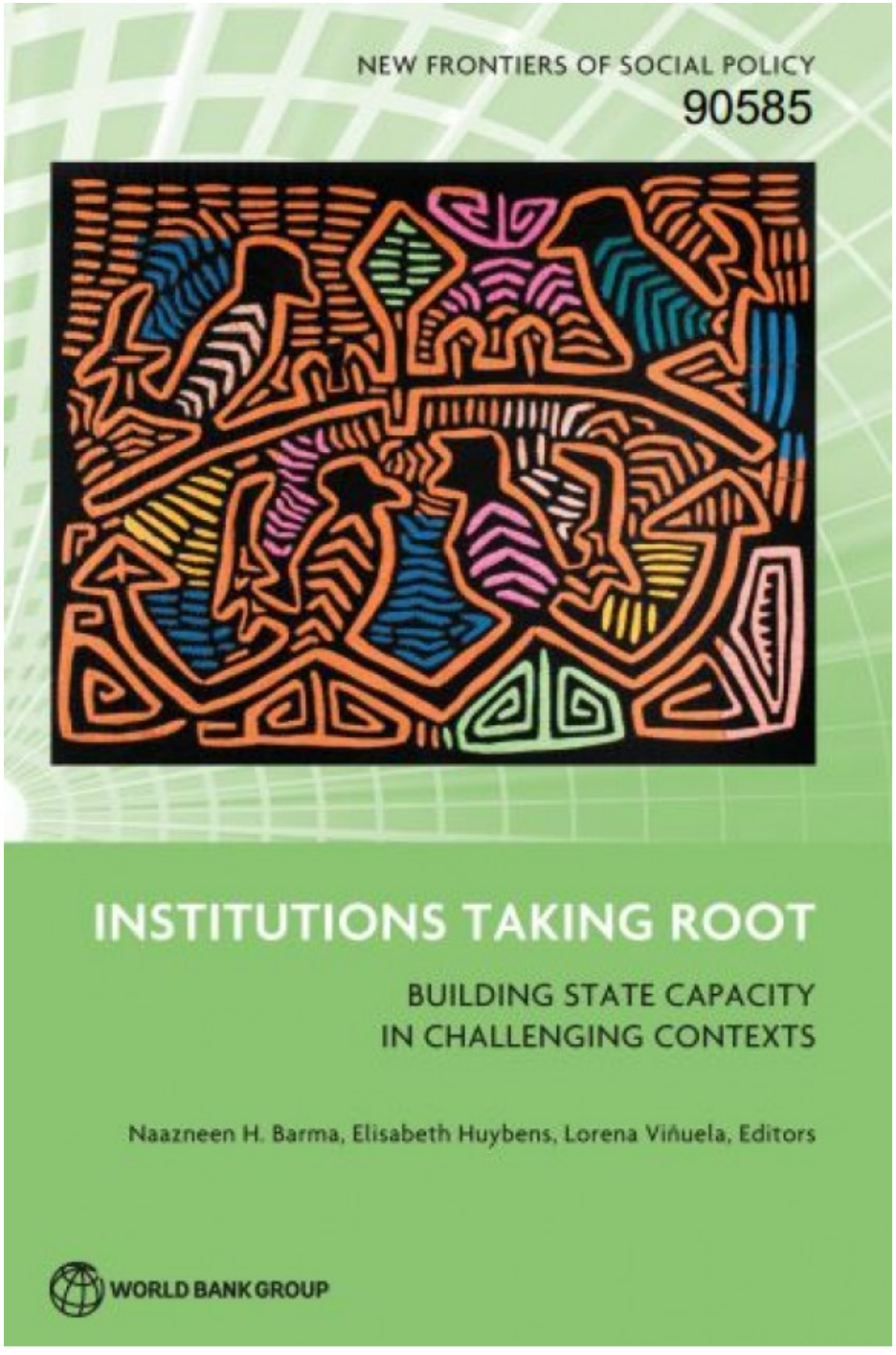

With almost half of the world's poor, and a combination of weak government and divided societies, fragile states contribute disproportionately to the world's instability and violence.

This forum seeks to understand them and address their core challenges. It is edited by Seth Kaplan and welcomes guest writers.

By Naazneen H. Barma, Elisabeth Huybens, and Lorena Viñuela

Building and operating successful public institutions is a perennial and long-term challenge for governments, even under ideal circumstances. The complexity of this challenge is compounded by the volatile conditions found in fragile and conflict-affected settings (FCS), where human security, social cohesion, political stability, and economic activity have been dislocated. Our conventional understanding of FCS is replete with regrettable instances of institution-building challenges, obstacles, and—ultimately—failures. Yet, despite the daunting odds, some public institutions in FCS do manage to take root and effectively deliver results and core services, earn legitimacy in the eyes of the citizenry, and forge resilience in an otherwise tumultuous operational context.

This observation is the analytical puzzle motivating our recently published World Bank study, Institutions Taking Root: Building State Capacity in Challenging Contexts. We examined a sample of institutional success stories—those public agencies that achieved results, legitimacy, and resilience. The goal was to illuminate the shared causal factors underlying success and thereby isolate the institutional practices and processes that underpin capable public institutions in inhospitable settings.

The study covers nine varied public organizations in four countries: The Gambia's Ministry of Basic and Secondary Education and Ministry of Finance and Economic Affairs; the Lao People's Democratic Republic's Ministry of Public Works and Transport and Électricité du Laos; Sierra Leone's Local Councils and Ministry of Finance and Economic Development; and Timor Leste's Ministry of Health, Central Bank, and Ministry of Social Solidarity.

What we learned about institutional reform from these agencies fills a critical gap in the literature on FCS and provides guidance for policymakers engaged in public sector institution-building efforts in countries with weak institutional capacity. Institutions succeed in FCS when they are able to combine macro-political and micro-institutional strategies geared towards delivering results, legitimacy, and resilience. They must intertwine skillful navigation of the broader sociopolitical environment in which they are embedded with deft micro-organizational management through a repertoire of particular tools and reforms. One especially clear pattern emerged from our study: by focusing on delivering results and generating legitimacy at the same time, successful organizations develop internal efficiency and create the external constituencies needed to secure political support. They also cumulatively build resilience and the ability to sustain gains in what can be rapidly shifting political–economic environments.

Perhaps most interestingly, the agencies in our study traveled three distinct pathways in connecting their micro-organizational strategies to the broader macro-sociopolitical environment. Some institutions succeed on the basis of a positive cycle driven by strong elite commitment to their particular policy area. Other successful institutions seize on a window of opportunity to lock-in reforms and build a measure of operational autonomy before the political equilibrium shifts. Still other agencies succeed by more actively cultivating broad support from clients and key stakeholders, sometimes in the face of an adverse political environment, working under the radar to implement reforms and achieve results, ultimately mobilizing some support from political principals. The distinction between these three pathways to institutional success is in the degree to which institutional success emanates from political incentives and imperatives or the institution's own ability for building a case for its political significance.

No matter which pathway the agency traveled, however, we found that all of them deployed a repertoire of organizational tools to achieve results, legitimacy, and resilience that is remarkably similar across the sample. This repertoire includes making strategic choices; adapting administrative architecture and process to mission; managing people; building organizational identity; leadership beyond individuals; fostering learning and self-evaluation; and cultivating relationships with clients and other stakeholders. Many of these elements have long been noted as contributors to organizational success in developing countries, representing the conventional wisdom in organizational management theory more generally. Such conclusions have not been given sufficient weight in operational approaches to supporting FCS.

One of the explicit goals of our study was to understand the shared causal factors underlying successful institution-building in FCS in order to provide the basis for targeted operational insights for policies and programs concerning institutional reform. Some high-level operational lessons are as follows, with more granular instances of each covered in our case studies.

Designing good fit is best practice. Our research confirms that good-fit institutional strategies are crucial. Institutional fit must be achieved in two dimensions—micro-organizational strategies must be chosen and supported on the basis of their ultimate function and they must be implemented in light

Categories

of the macro-sociopolitical context in which public agencies are embedded. Better understanding the history of institutions and how their make-up of individuals, programs, and policies has evolved is critical to designing better interventions. Better grasping how institutions forge domestic and external coalitions for change can also inform more comprehensive external support to aid those efforts. Normative approaches to best practice only make sense if they fit with the political economy context; and their implementation must be tailored to the existing capacity of agencies.

Implement a building-block strategy. Public institutions, with the support of their development partners, should follow a building-block approach to developing their mandate that combines short- and long-term objective-setting on the basis of clearly defined targets. Agencies should focus on scoring early, monitorable, and reportable successes that can be used to generate further support, leverage resources, and build morale and momentum. Where possible, functions should be added in step with the development of the necessary capacity. Alternatively, institutions can outsource functions to NGOs or the private sector either temporarily or permanently, while focusing on providing the policy and regulatory framework, setting standards, monitoring outcomes, evaluating programs, and identifying course corrections.

Emphasize constant learning and use evidence wisely to implement course corrections. Institutions build and sustain success with an emphasis on continuous organizational learning and evidence-based decision-making. Information itself is not enough; the key is what is done with the information—how it is used to validate successful strategies, scale up experiments and pilots that have gone well, close down initiatives that have shown lesser results, and continuously correct the institution's course. Client surveys and feedback can be used to shape changes to service delivery goals and processes; and systems to collect basic and real-time data on service provision can be used to make both incremental and more serious adjustments to reforms.

Give staff and clients a stake in the institution's success. Often institutions and donors focus too much on the very top leadership of the agency and too little on building and encouraging leadership qualities within the broader management. Middle and senior managers can stymie otherwise well-designed reforms or they can be essential in both determining and successfully implementing an agency's mandate. Enabling some measure of autonomy in financial and human resource management is important, along with greater managerial flexibility to give them a stake in success. For technical staff and frontline service providers, a similar pride and stake in the organization can be cultivated through tangible performance incentives and more intangible corporate culture and practices. Moreover, clients can be a potent source of political leverage for an institution and yet they are often an overlooked stakeholder. Client participation and feedback is important for optimizing services. In addition, more closely communicating with clients and engaging them in participatory decision-making gives them an actual stake in the institution's success and thereby builds a constituency for sustained change.

Revisit "country ownership". It is axiomatic that donor support contributes to results when agency counterparts are firmly in the driver's seat—yet donors must be nuanced in how they interpret "country ownership". The political landscape rarely produces unequivocal support for reforms and agencies sometimes face considerable hostility and interference from political elites. In this context, donors can help to shape the immediate operating environment of an agency by helping it to connect to a broader set of stakeholders both internally and abroad; and, in so doing, can help the institution buffer itself to some degree against unwanted political interference.

Support networks of leaders. Our case studies highlight the importance of the networks of leaders that ignite and sustain institutional success, usually heads of agencies and a cadre of managers and technical staff around them, sometimes reaching into the private and non-government sector. Donor can support these local networks by expanding their ability to connect across borders and learn from each other; and they can reward effective leadership by offering avenues for international recognition.

Be in it for the long haul. The one certain good that donors can provide to their counterparts is a greater degree of stability and continuity in programming and staffing, along with more hands-on and continued engagement from the donor side. Institution-building is a dynamic, non-linear process that moves in fits and starts and is often reversible. To embrace the reality of institutional change, development partners must be prepared to flexibly to add momentum to salutary change and help protect agencies against adverse change. Nimble, opportunistic pursuit of reform moments and champions has its place—but must be accompanied by sustained, incremental partnerships for long-term success and lasting change.

There is no such thing as a blank slate. Above all, micro-institutional strategies must be consonant with the macro-sociopolitical context if organizations are to succeed. To state that donors

- Middle East and North Africa (41)
- South Asia (19)

Review (23)

Social Cohesion (35)

Videos (6)

must understand the political economy of reforms has become a truism; but the development community is still a long way from putting that wisdom in practice. One concrete way of thinking about this is that the three pathways to success our study articulates also suggest different opportunities and entry points for donors to act upon in addition to the elements of support that will make sense no matter what. The sine qua non of good program design is a deep and nuanced understanding of the socio-political context in which institutions are embedded combined with an accurate assessment of organizational capacity, appreciating at least a measure of the historical trajectory shaping both.

Text excerpted and adapted from Lorena Viñuela, Naazneen H. Barma, and Elisabeth Huybens, "Overview—Institutions Taking Root: Building State Capacity in Challenging Contexts." in Naazneen H. Barma, Elisabeth Huybens, and Lorena Viñuela (eds.) Institutions Taking Root: Building State Capacity in Challenging Contexts. Washington DC: World Bank, 2014.

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Categories: Capacity Building Fragile States Governance Politics

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